

PERSI Choice Plan

Aggregate Bond Index Option

DL Aggregate Bond Index Fund

INVESTMENT OBJECTIVE

The EB Daily Liquidity (DL) Aggregate Bond Index Fund, (the “Fund”) seeks to replicate the performance and characteristics of the Lehman Brothers Aggregate Bond Index (the “Index”), a broad fixed-income index covering the U.S. investment grade bond market. The Fund provides a moderate rate of income by investing in U.S. government, corporate, mortgage-backed and asset-backed securities. The Fund samples from bonds in the Index, mirroring Index sector weights.

FUND OPERATIONS

The Fund is a Mellon Bank, N.A. collective investment fund. This fund may hold units of the EB Daily Opening Aggregate Bond Index Fund.

The Fund was designed primarily for 401(k) plans offering mutual funds as investment options to participants. The Fund will coordinate cash flows and accounting information between the participant record keeper and the trustee. Settlement day is the day following trade date for the purpose of purchase and redemption of units.

Fund Inception:

February 1, 1995

Fund Assets:

\$352 million

Accounts in Fund:

18 accounts

Benchmark:

Lehman Brothers
Aggregate Bond Index

Participant Eligibility:

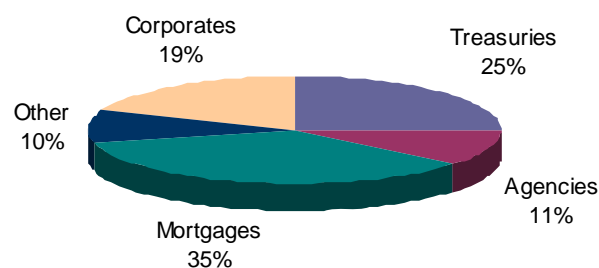
Public and qualified corporate
participant-directed defined
contribution plans

ANNUALIZED PERFORMANCE – NET OF FEES

Period	Fund	Benchmark
2Q06	-0.08%	-0.08%
1 Year	-0.88	-0.81
3 Years	1.97	2.05
5 Years	4.90	4.97
Inception	6.62	6.73
Std. Dev.	3.76	3.75

Please see disclosures on reverse.

FUND COMPOSITION



Opening Schedule:

Daily openings

FUND CHARACTERISTICS

Yield to Worst	5.77%
Mod. Adj. Duration	4.80 Years
Maturity	7.10 Years
Number of Issues	1,015
Quality Rating	AA1/AA2

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PERFORMANCE HISTORY - NET OF FEES

Period	Return		Period	Return	
	Fund	Bmrk		Fund	Bmrk
YTD06	-0.74%	-0.72%			
2Q06	-0.08	-0.08			
1Q06	-0.66	-0.65			
2005	2.37	2.43	2000	11.85	11.63
4Q05	0.58	0.59	4Q00	4.36	4.21
3Q05	-0.72	-0.67	3Q00	3.10	3.01
2Q05	3.04	3.01	2Q00	1.55	1.74
1Q05	-0.51	-0.48	1Q00	2.36	2.21
2004	4.25	4.34	1999	-1.18	-0.82
4Q04	0.93	0.95	4Q99	-0.23	-0.12
3Q04	3.16	3.20	3Q99	0.72	0.68
2Q04	-2.42	-2.44	2Q99	-0.98	-0.88
1Q04	2.61	2.66	1Q99	-0.68	-0.50
2003	3.80	4.10	1998	9.03	8.69
4Q03	0.26	0.32	4Q98	0.26	0.34
3Q03	-0.16	-0.15	3Q98	4.40	4.23
2Q03	2.35	2.50	2Q98	2.45	2.34
1Q03	1.32	1.39	1Q98	1.68	1.56
2002	10.14	10.26	1997	9.43	9.65
4Q02	1.68	1.57	4Q97	2.91	2.94
3Q02	4.69	4.58	3Q97	3.30	3.32
2Q02	3.58	3.69	2Q97	3.61	3.67
1Q02	-0.10	0.09	1Q97	-0.64	-0.56
2001	8.29	8.44	1996	3.52	3.63
4Q01	0.05	0.05	4Q96	2.98	3.00
3Q01	4.82	4.61	3Q96	1.86	1.85
2Q01	0.39	0.56	2Q96	0.47	0.57
1Q01	2.86	3.03	1Q96	-1.77	-1.77

*Inception Date: February 1, 1995

ASSET HISTORY

Period	Fund (\$MM)	Firm (\$MM) ¹	Firm (\$MM) ²
2005	395	142,007	117,324
2004	326	131,528	104,951
2003	413	112,136	91,006
2002	306	83,440	65,934
2001	174	99,352	80,547
2000	102	105,400	87,965
1999	105	87,720	86,393
1998	177	74,376	73,225
1997	145	64,850	63,524
1996	21	50,492	49,759

¹Includes Overlay & Securities Lending Pools

²Excludes Overlay & Security Lending Pools

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The following provides a simplified example of the cumulative effect of management fees on investment performance: An annual management fee of 0.80% applied over a five-year period to a \$100 million portfolio with an annualized gross return of 10% would reduce the value of the portfolio from \$161,051,000 to \$154,783,041. The actual management fee that applies to a client's portfolio will vary. The standard fee schedules for Mellon Capital's strategies are shown in Part II of Mellon Capital's Form ADV.

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Results reflect income and capital appreciation, annual custody costs (0.03%), investment management fees (0.08%) which represents investment management fees for PERSI, audit costs, and transactions costs.